

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)
CORE SCIENTIFIC, INC. et al.,) Chapter 11
Debtors.¹)
) Case No. 22-90341 (CML)
) Jointly Administered
)
) Related Docket No.: 1511

**McCARTHY BUILDING COMPANIES, INC.'S
CONDITIONAL OBJECTION TO THE NOTICE OF CURE
AMOUNTS RELATED TO THE ASSUMPTION OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES IN CONNECTION WITH CONFIRMATION OF PLAN**

McCarthy Building Companies, Inc. (“McCarthy”) submits this conditional objection (this “Conditional Objection”) to the *Notice of Cure Amounts Related to the Assumption of Executory Contracts and Unexpired Leases in Connection with Confirmation of Plan* (the “Cure Notice”) [D.I. 1511], and states:

BACKGROUND

1. On or about November 17, 2021, Core Scientific, Inc. (“Core”) and McCarthy entered into a contract (the agreement, with all amendments thereto, the “Contract”) for the construction of the Core Scientific Data Center (the “Denton Facility”) in Denton, Texas (the “Project”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (6074); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors' corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

2. On December 21, 2022 (the “Petition Date”), the Debtors filed voluntary chapter 11 petitions for relief under the Bankruptcy Code (the “Chapter 11 Cases”) commencing the above-captioned, jointly administered cases. The Debtors continue to operate their business and manage their properties as debtors in possession under 11 U.S.C. §§ 1107(a), 1108.

3. On April 14, 2023, McCarthy filed its proof of claim in the amount of no less than \$18,799,499 (the “McCarthy Proof of Claim”) arising from, among other things, pre-petition amounts due and owing to McCarthy under the Contract. *See* POC No. 468.

4. Under the *Third Amended Joint Chapter 11 Plan of Core Scientific, Inc. and Its Affiliated Debtors* (the “Plan”) [D.I. 1438], the Debtors intend to assume the Contract with McCarthy. A hearing on confirmation of the Plan is scheduled for December 22, 2023.

5. On December 5, 2023, Core filed the Cure Notice estimating the cure amount under the Contract is \$0.00 (the “Cure Amount”). *See* Cure Notice at 16.

CONDITIONAL OBJECTION

6. On December 11, 2023, Core and McCarthy executed an agreement to resolve McCarthy’s claims against Core (the “Settlement Agreement”), including but not limited to, establishing the terms for Core’s assumption of the Contract. Core must file for approval of the Settlement Agreement under Bankruptcy Rule 9019 on December 18, 2023.

7. If the Settlement Agreement is approved by the Court, then the Settlement Agreement will govern the terms of Core’s cure and assumption of the Contract. In the event the Settlement Agreement is not approved, then the proper cure amount for the Contract with McCarthy is no less than \$18,799,499.00, as set forth in McCarthy’s Proof of Claim.² As such,

² To assume an unexpired executory contract, a debtor must (a) cure (or provide adequate assurance of a prompt cure of) any defaults under the subject contracts, including payment of unpaid amounts due under the contract; and (b) provide adequate assurance of future performance under the contract. *See* 11 U.S.C. § 365(b)(1); *see also In re Nat'l Gypsum Co.*, 208 F.3d 498, 506 (5th Cir. 2000).

McCarthy files this Conditional Objection to preserve its rights concerning the correct cure amount for its Contract in the event that the Settlement Agreement is not approved by the Court.

RESERVATION OF RIGHTS

8. McCarthy reserves all rights in connection with any further revised Cure Notices or plan supplements that the Debtors may file and in connection with confirmation of the Plan. McCarthy submits this Objection without prejudice to, and with a full reservation of, McCarthy's rights to supplement or amend this Objection in advance of, or in connection with, the hearing to confirm the Plan. Nothing herein is intended to be a waiver by McCarthy of any right, objection, argument, claim or defense with respect to any matter, including matters involving the Plan, all of which are hereby expressly reserved.

CONCLUSION

For the reasons stated above, McCarthy submits this Conditional Objection and, in the event the Settlement Agreement is not approved, respectfully requests that the Court: (i) sustain this Conditional Objection to the Cure Notice; and (ii) grant such further relief as is necessary and proper.

Dated: December 18, 2023

Respectfully submitted,

/s/ Jennifer L. Kneeland

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CERTIFICATE OF SERVICE

I hereby certify that on December 18, 2023, I caused a true and correct copy of the foregoing document to be served by electronic means through the Court's CM/ECF system to all parties authorized to receive electronic notice in this case. I further certify that I caused a true and correct copy of the foregoing document to be served by electronic mail on the following parties:

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/s/ Jennifer L. Kneeland
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